

## Division of Public Utilities and Carriers

### Memorandum

To: Luly Massaro  
Commission Clerk

December 8, 2016

From: Patricia Smith  
Division of Public Utilities and Carriers

Subject: RIPUC Docket 4664 Pascoag Utility District's 2017 Annual Reconciliation Rate Filing

On November 4, 2016, the Pascoag Utility District ("Pascoag" or "Company") filed with the Commission its year end Standard Offer Service, Transmission and Transition Charge status report and reconciliation which included nine months of actual data for January through September of 2016 and forecast data through the balance of 2016. Included in the filing was testimony of Mike Kirkwood and Harle Round of Pascoag. In addition to providing a reconciliation, the filing sought a change in the various adjustment charges as follows:

#### November 4, 2016 Proposal

<b>Factor</b>	<b>Current</b>	<b>Proposed on 11/04/16</b>	<b>Difference</b>	<b>Effect @ 500 kWh's</b>
SOS	\$0.05401	\$0.05887	.00486	\$2.43
Transition	\$0.00957	\$0.01024	.00067	\$0.34
Transmission	\$0.03081	\$0.03211	.00130	\$0.65
PPRFC	(\$0.00222)	(\$0.00445)	(.00223)	<u>(\$1.12)</u>
Total	\$0.09217	\$0.09677	\$0.0046	\$ 2.30

On November 29, 2016, Pascoag filed an update that included actual data through October of 2016. Based on the updated data, Pascoag modified its proposal, for effect January 1, 2017, as follows:

#### November 29, 2016 Proposal

<b>Factor</b>	<b>Current</b>	<b>Proposed on 11/29/16</b>	<b>Difference</b>	<b>Effect @ 500 kWh's</b>
SOS	\$0.05401	\$0.05850	\$0.00449	\$2.25
Transition	\$0.00957	\$0.01023	\$0.00066	\$0.33
Transmission	\$0.03081	\$0.03200	\$0.00119	\$0.60
PPRFC	(\$0.00222)	(\$0.00445)	(\$0.00223)	<u>(\$1.12)</u>
Total	\$0.09217	\$0.09628	\$0.00411	2.06

As discussed in the testimonies of Mike Kirkwood and Harle Round, Pascoag's cash flow was more than adequate to meet all their purchase power obligations this year. Pascoag had an accumulated over collection in its adjustment clause accounts of \$429,785 through September of 2016 and a projected balance as of the end of December of \$211,747. In its filing, Pascoag rolled the projected over collection balance into the calculation of the proposed 2017 factors.

The Purchased Power Restricted Fund (PPRF) is funded through monthly deposits related to distribution revenues from Daniele Prosciutto International (DPI). This is in accordance with a settlement approved by the PUC in rate case docket 4341. The balance in the PPRF was \$834,273 at the end of October 2016 and is expected to have a balance of \$884,226 by year end. In Docket 4584, Pascoag received permission to increase the target balance in this account to \$550,000. In its filing, Pascoag proposed to flow back \$250,000 to customers in 2017 to bring the balance closer to the target level of \$550,000. However, a flow back of \$250,000 would still leave a balance in this account in excess of the target. The Division had discussions with Pascoag relative to this issue and was able to reach an agreement to increase the flow back in 2017 to \$375,000. On December 8, 2016, Pascoag supplemented its filing to reflect this agreement. The final proposed factors are as follows:

December 8, 2016 Proposal

<b>Factor</b>	<b>Current</b>	<b>Proposed on 12/8/16</b>	<b>Difference</b>	<b>Effect @ 500 kWh's</b>
SOS	\$0.05401	\$0.05850	\$0.00449	\$2.25
Transition	\$0.00957	\$0.01023	\$0.00066	\$0.33
Transmission	\$0.03081	\$0.03200	\$0.00119	\$0.60
PPRFC	(\$0.00222)	(\$0.00667)	(\$0.00445)	<u>(\$2.23)</u>
Total	\$0.09217	\$0.09406	\$0.00189	\$0.94

Pascoag power contracts in effect for 2017 are essentially the same as 2016. As New England continues to be faced with the potential for extreme spot electricity prices again this winter, due to continued gas pipeline constraints, Pascoag's three year contract (2015-2017) with TransCanada for load following service at 7.03¢ (for Pascoag's requirements that exceed what is otherwise already contracted for) provides protection against spot market price spikes. A summary of Pascoag's power supply contracts as described in the filing is shown below:

<u>Supply /Term</u>	<u>Amount</u>
NYPA (Life of unit)	20%
Seabrook (Life of unit)	18%
Miller (Brown Bear)	3%
Spruce Mtn	3%
NextEra Rise	10%
TransCanada (2015-2017)	<u>46%</u>
Total	100%

The Division reviewed the submittals of Pascoag, including the testimony, calculations and invoices submitted to the PUC. Based on our review, we concluded that the proposed rates are reasonable and correctly calculated. The Division recommends the proposed rates be approved for usage on and after January 1, 2017. If approved, a 500 kWh residential customer of Pascoag will experience an increase of \$.94 or 1.3% in their monthly bill, which will increase from \$72.84 to \$73.79.